

PLEASE NOTE: In most BUT NOT ALL instances, the page and line numbering of bills on this web site correspond to the page and line numbering of the official printed version of the bills.

REFERENCE TITLE: higher education; budget.

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

SB 1517

Introduced by
Senators Burns, Bee, Bennett, Blendu, Huppenthal: Jarrett, Martin,
Tibshraeny (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-1466, 15-1626, 15-1661, 15-1681 AND 15-1682, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1682.02; AMENDING SECTIONS 15-1683, 35-174 AND 42-5031.01, ARIZONA REVISED STATUTES; RELATING TO HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-1466, Arizona Revised Statutes, is amended to
3 read:

4 15-1466. State aid; eligibility; limitations

5 A. Subject to legislative appropriation, the legislature shall
6 determine and appropriate the amount of state aid each fiscal year for any
7 district possessing the qualifications as prescribed in this chapter.

8 B. The state shall determine the amount of state aid, as prescribed in
9 subsection F of this section, appropriated to each district for the fiscal
10 year prior to the fiscal year for which the state aid is being calculated.

11 C. The state shall adjust the amount of state aid appropriated to each
12 district as determined in subsection B of this section by the growth rate
13 referenced by section 15-901, subsection B, paragraph 2. This amount shall
14 be appropriated to the district except as provided in subsection D of this
15 section.

16 D. In addition to the state aid appropriated in subsection C of this
17 section, each district qualified under this chapter shall have its state aid
18 adjusted in an amount that reflects the growth in the full-time equivalent
19 student count of the district calculated as follows:

20 1. Calculate the growth in the actual, audited full-time equivalent
21 student count between the second and third most recent fiscal years prior to
22 the fiscal year for which the state aid is being calculated for each
23 district.

24 2. Calculate the average appropriation per full-time equivalent
25 student for all districts by dividing the amount determined in subsection B
26 of this section by the actual, audited full-time equivalent student count for
27 all districts in the most recent fiscal year.

28 3. Multiply the amount calculated in paragraph 1 of this subsection by
29 the average appropriation calculated in paragraph 2 of this subsection. This
30 amount shall be appropriated to the district for growth.

31 E. State aid appropriated to each district shall be allocated and paid
32 in accordance with subsection C of this section before any funding is
33 allocated and paid in accordance with subsection D of this section.

34 F. The total amount appropriated to each district each fiscal year in
35 accordance with subsections C and D of this section shall serve as the amount
36 of state aid to be adjusted in the next fiscal year. IF A DISTRICT'S
37 FULL-TIME STUDENT EQUIVALENT COUNT IS REDUCED FROM ONE YEAR TO THE NEXT YEAR,
38 THE DISTRICT IS NOT ELIGIBLE FOR GROWTH FUNDING UNTIL THE DISTRICT ATTAINS
39 THE PRIOR AUDITED FULL-TIME STUDENT EQUIVALENT COUNT.

40 G. To be eligible for state aid, a district shall:

41 1. Be equipped with suitable buildings, equipment and campus.

42 2. Have AT LEAST three hundred twenty full-time equivalent students
43 attending in the district.

44 3. Have complied with all of the requirements of the district board
45 including budgets and curriculum.

H. Notwithstanding subsection E of this section, the legislature may allocate funding for growth in the full-time equivalent student count prior to or in combination with funding of the growth rate.

I. The total amount of state monies that may be spent in any fiscal year by a district for operating state aid shall not exceed the amount appropriated or authorized by section 35-173 for that purpose. Notwithstanding section 15-1444, this section shall not be construed to impose a duty on an officer, agent or employee of this state to discharge a responsibility or to create any right in a person or group if the discharge or right would require an expenditure of state monies in excess of the expenditure authorized by legislative appropriation for that specific purpose, including any duties prescribed in an employment contract entered into pursuant to section 15-1444, subsection A, paragraph 6.

J. In addition to the formula to determine the state aid appropriations prescribed in this section, the state may pay additional amounts for state aid to a district based on requests included in the district's budget request.

K. This section does not entitle a community college operated by a qualified Indian tribe to state aid for community colleges pursuant to this chapter.

Sec. 2. Section 15-1626, Arizona Revised Statutes, is amended to read:
15-1626. General administrative powers of board

A. The board shall:

1. Have and exercise the powers necessary for the effective governance and administration of the institutions under its control. To that end, the board may adopt, and authorize each university to adopt, such regulations, policies, rules or measures as are deemed necessary and may delegate in writing to its committees, to its university presidents, or their designees, or to other entities under its control, any part of its authority for the administration and governance of such institutions, including those powers enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs 3, 4, 7, 8, 10 and 11 of this subsection, and subsection B of this section. Any delegation of authority may be rescinded by the board at any time in whole or in part.

2. Appoint and employ and determine the compensation of presidents with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary.

3. Appoint and employ and determine the compensation of vice-presidents, deans, professors, instructors, lecturers, fellows and such other officers and employees with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary, or delegate its authority pursuant to paragraph 1 of this subsection.

4. Remove any officer or employee when the interests of education in this state so require in accordance with its personnel rules and policies.

1 5. Fix tuitions and fees to be charged and ~~graduate~~ DIFFERENTIATE the
 2 tuitions and fees between institutions and between residents, nonresidents,
 3 ~~and~~ UNDERGRADUATE STUDENTS, GRADUATE STUDENTS, students from foreign
 4 countries AND STUDENTS WHO HAVE EARNED CREDIT HOURS IN EXCESS OF THE CREDIT
 5 HOUR THRESHOLD, EXCEPT STUDENTS WHOSE CHOSEN PROGRAM REQUIRES FOR A DEGREE
 6 ADDITIONAL CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD. FOR THE PURPOSES OF
 7 THIS PARAGRAPH, THE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS IN
 8 FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS IN FISCAL YEAR 2007-2008 AND
 9 ONE HUNDRED FORTY-FIVE HOURS AFTER FISCAL YEAR 2007-2008. The amount of
 10 tuition, registration fees and other revenues included in the operating
 11 budget for the university adopted by the board as prescribed in paragraph 12
 12 of this subsection shall be deposited, pursuant to sections 35-146 and
 13 35-147. All other tuition and fee revenue shall be retained by each
 14 university for expenditure as approved by the board. Except as provided in
 15 subsection H of this section, the Arizona board of regents shall adopt rules
 16 to govern its tuition and fee setting process ~~which shall provide~~ THAT
 17 PROVIDE for the following:

18 (a) At least one public hearing at each university as an opportunity
 19 for students and members of the public to comment upon any proposed increase
 20 in tuition or fees.

21 (b) Publication of the notice of public hearing at least ten days
 22 prior to the hearing in a newspaper of general circulation in Maricopa
 23 county, Coconino county and Pima county. The notice shall include the date,
 24 time and location of the public hearing.

25 (c) Public disclosure by each university of any proposed increases in
 26 tuition or fees at least ten days prior to the public hearing.

27 (d) Final board action on changes in tuition or fees shall be taken by
 28 roll call vote.

29 (e) EXCEPT AS PROVIDED IN SUBDIVISION (f), THE BOARD MAY ADJUST
 30 TUITION FOR EXISTING STUDENTS ONLY BY THE CHANGE IN THE GDP PRICE DEFLATOR
 31 FROM THE SECOND PRECEDING CALENDAR YEAR TO THE CALENDAR YEAR IMMEDIATELY
 32 PRECEDING THE CURRENT YEAR. ALL TUITION ADJUSTMENTS SHALL TAKE EFFECT IN THE
 33 ACADEMIC YEAR FOLLOWING THE CHANGE.

34 (f) THE BOARD MAY MAKE TUITION ADJUSTMENTS THAT APPLY ONLY TO THE
 35 FOLLOWING:

36 (i) NONRESIDENT STUDENTS.

37 (ii) NEWLY ENROLLED STUDENTS.

38 (iii) EXISTING STUDENTS WHO SUBSEQUENTLY QUALIFY FOR INCLUSION IN A
 39 DIFFERENT TUITION CATEGORY PRESCRIBED IN THIS PARAGRAPH.

40 (iv) EXISTING STUDENTS WHO ABANDON A PREVIOUSLY DECLARED PROGRAM OF
 41 STUDY.

42 (v) EXISTING STUDENTS WHO HAVE BEEN ENROLLED FULL TIME FOR SIX YEARS
 43 OR MORE.

1 The procedural requirements of subdivisions (a), (b), (c), ~~and~~ (d), (e) AND
2 (f) apply only to those changes in tuition or fees that require board
3 approval.

4 6. Pursuant to section 35-115, submit a budget request for each
5 institution under its jurisdiction that includes the estimated tuition and
6 fee revenue available to support the programs of the institution as described
7 in the budget request. The estimated available tuition and fee revenue shall
8 be based on the tuition and registration fee rates in effect at the time the
9 budget request is submitted with adjustments for projected changes in
10 enrollment as provided by the board.

11 7. Establish curriculums and designate courses at the several
12 institutions which in its judgment will best serve the interests of this
13 state.

14 8. Award such degrees and diplomas upon the completion of such courses
15 and curriculum requirements as it deems appropriate.

16 9. Prescribe qualifications for admission of all students to the
17 universities. The board shall establish policies for guaranteed admission
18 that assure fair and equitable access to students in this state from public,
19 private, charter and home schools. For the purpose of determining the
20 qualifications of honorably discharged veterans, veterans are those PERSONS
21 who served in the armed forces for a minimum of two years and who were
22 previously enrolled at a university or community college in this state. No
23 prior failing grades received by the veteran at the university or community
24 college in this state may be considered.

25 10. Adopt any energy conservation standards promulgated by the
26 department of administration for the construction of new buildings.

27 11. Employ for such time and purposes as the board requires attorneys
28 whose compensation shall be fixed and paid by the board. Litigation to which
29 the board is a party and for which self-insurance is not provided may be
30 compromised or settled at the direction of the board.

31 12. Adopt annually an operating budget for each university equal to the
32 sum of appropriated general fund monies and the amount of tuition,
33 registration fees and other revenues approved by the board and allocated to
34 each university operating budget.

35 13. In consultation with the state board of education and other
36 education groups, develop and implement a program to award honors
37 endorsements to be affixed to the high school diplomas of qualifying high
38 school pupils and to be included in the transcripts of pupils who are awarded
39 endorsements. The board shall develop application procedures and testing
40 criteria and adopt testing instruments and procedures to administer the
41 program. In order to receive an honors endorsement, a pupil must demonstrate
42 an extraordinary level of knowledge, skill and competency as measured by the
43 testing instruments adopted by the board in mathematics, English, science and
44 social studies. Additional subjects may be added at the determination of the
45 board. The program is voluntary for pupils.

1 14. Require the publisher of each literary and nonliterary textbook
2 used in the universities of this state to furnish computer software in a
3 standardized format when software becomes available for nonliterary
4 textbooks, to the Arizona board of regents from which braille versions of the
5 textbooks may be produced.

6 15. Require universities that provide a degree in education to require
7 courses that are necessary to obtain a provisional structured English
8 immersion endorsement as prescribed by the state board of education.

9 B. The board shall adopt personnel rules. All nonacademic employees
10 of the universities are subject to these rules except for university
11 presidents, university vice-presidents, university deans, legal counsel and
12 administrative officers. The personnel rules shall be similar to the
13 personnel rules under section 41-783. The rules shall include provisions for
14 listing available positions with the department of economic security,
15 competitive employment processes for applicants, probationary status for new
16 nonacademic employees, nonprobationary status on successful completion of
17 probation and due process protections of nonprobationary employees after
18 discharge. The board shall provide notice of proposed rule adoption and an
19 opportunity for public comment on all personnel rules proposed for adoption.

20 C. The Arizona board of regents may employ legal assistance in
21 procuring loans for the institutions from the United States government. Fees
22 or compensation paid for such legal assistance shall not be a claim upon the
23 general fund of this state but shall be paid from funds of the institutions.

24 D. The board shall approve or disapprove any contract or agreement
25 entered into by the university of Arizona hospital with the Arizona health
26 facilities authority.

27 E. The board may adopt policies which authorize the institutions under
28 its jurisdiction to enter into employment contracts with nontenured employees
29 for periods of more than one year but not more than five years. The policies
30 shall prescribe limitations on the authority of the institutions to enter
31 into employment contracts for periods of more than one year but not more than
32 five years, including the requirement that the board approve the contracts.

33 F. The board may adopt a plan or plans for employee benefits which
34 allow for participation in a cafeteria plan that meets the requirements of
35 the United States internal revenue code of 1986.

36 G. The board may establish a program for the exchange of students
37 between the universities under the jurisdiction of the board and colleges and
38 universities located in the state of Sonora, Mexico. Notwithstanding
39 subsection A, paragraph 5 of this section, the program may provide for
40 in-state tuition at the universities under the jurisdiction of the board for
41 fifty Sonoran students in exchange for similar tuition provisions for up to
42 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or
43 universities. The board may direct the universities to work in conjunction
44 with the Arizona-Mexico commission to coordinate recruitment and admissions
45 activities.

1 H. Subsection A, paragraph 5, subdivisions (a), (b), (c), ~~and~~ (d), (e)
2 AND (f) of this section do not apply to fee increases that are set by
3 individual universities and that do not require approval by the Arizona board
4 of regents before the fee increase becomes effective.

5 Sec. 3. Section 15-1661, Arizona Revised Statutes, is amended to read:
6 15-1661. Annual appropriation; expenditure; balance; salaries

7 A. There shall be appropriated in the general appropriation bill for
8 each fiscal year a sum of monies not less than eighty-five one-hundredths of
9 one mill on the dollar of the assessed valuation of all taxable property in
10 the state for the improvement, support and maintenance of the institutions
11 under the Arizona board of regents' jurisdiction, including payment of
12 salaries, current expenses, purchase of equipment, making necessary repairs,
13 construction of new buildings, purchase of lands and in general for payment
14 of all such expenses connected with the management of the institutions under
15 the Arizona board of regents' jurisdiction. The department of revenue ~~shall~~,
16 upon compiling the aggregate assessed valuation of all taxable property
17 within this state, SHALL compute the amount of monies so determined and
18 certify such amount over its seal to the department of administration and the
19 state treasurer.

20 B. THE FULL-TIME EQUIVALENT STUDENT ENROLLMENT REPORTED FOR THE
21 PREVIOUS FISCAL YEAR BY EACH UNIVERSITY SHALL BE AUDITED ANNUALLY BY THE
22 AUDITOR GENERAL. THE AUDITOR GENERAL SHALL REPORT THE RESULTS OF THE AUDIT
23 TO THE STAFFS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S
24 OFFICE OF STRATEGIC PLANNING AND BUDGETING ON OR BEFORE OCTOBER 15 OF EACH
25 YEAR. BEGINNING IN 2006, ON OR BEFORE JULY 21 OF EACH YEAR, EACH UNIVERSITY
26 SHALL PROVIDE A CERTIFIED REPORT TO THE AUDITOR GENERAL OF THE NUMBER OF
27 FULL-TIME EQUIVALENT STUDENTS CALCULATED BY THE UNIVERSITY. THE UNIVERSITY'S
28 RECORDS USED TO CALCULATE FULL-TIME EQUIVALENT STUDENT ENROLLMENT SHALL BE
29 PROVIDED TO THE AUDITOR GENERAL IN AN ELECTRONIC FORMAT PRESCRIBED BY THE
30 AUDITOR GENERAL. BEGINNING IN 2006, EACH UNIVERSITY SHALL SUBMIT TO THE
31 AUDITOR GENERAL A SUMMARY OF ITS FULL-TIME EQUIVALENT STUDENT ENROLLMENT
32 ACCOUNTING POLICIES AND PROCEDURES, COMPILATION PROCEDURES AND SOURCE RECORDS
33 USED FOR CALCULATING FULL-TIME EQUIVALENT STUDENT ENROLLMENT. THESE
34 ACCOUNTING POLICIES AND PROCEDURES, COMPILATION PROCEDURES AND SOURCE RECORDS
35 SHALL COMPLY WITH POLICIES DEVELOPED ON OR BEFORE JUNE 30, 2006 BY THE
36 ARIZONA BOARD OF REGENTS, IN CONSULTATION WITH THE AUDITOR GENERAL AND
37 REVIEWED BY THE JOINT LEGISLATIVE BUDGET COMMITTEE. THESE POLICIES SHALL
38 INCLUDE MINIMUM REQUIREMENTS FOR STUDENTS ENROLLED IN CLASSES TO QUALIFY FOR
39 APPROPRIATIONS PURSUANT TO THIS SECTION, INCLUDING REQUIREMENTS THAT THE
40 CLASS BE A FOR-CREDIT COURSE THAT IS NECESSARY FOR THE COMPLETION OF A DEGREE
41 AND THAT THE STUDENT ENROLLED IN THE COURSE BE PHYSICALLY PRESENT IN THIS
42 STATE AT THE TIME THE COURSE IS CONDUCTED. THE BASIC ACTUAL FULL-TIME
43 EQUIVALENT STUDENT ENROLLMENT SHALL BE COUNTED ON THE TWENTY-FIRST DAY AFTER
44 THE BASIC ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT CLASSES BEGIN FOR
45 THE FALL SEMESTER, AS PUBLISHED IN THE UNIVERSITY CATALOGS. CLASS ROSTERS

1 THAT REFLECT ENROLLMENT AS OF THE TWENTY-FIRST DAY SHALL BE PROVIDED BY THE
 2 REGISTRAR'S OFFICE TO EACH PROFESSOR OR INSTRUCTOR FOR EVERY CLASS SECTION.
 3 THE CLASS ROSTER SHALL INDICATE THE COURSE NUMBER, COURSE TITLE, TIME,
 4 INSTRUCTOR NAME AND STUDENTS ENROLLED. EACH PROFESSOR OR INSTRUCTOR IS
 5 REQUIRED TO REVIEW THE CLASS ROSTER AND MAKE ADDITIONS OR DELETIONS AS
 6 NECESSARY. ON THE TWENTY-FIRST DAY CLASS ROSTERS, EACH PROFESSOR OR
 7 INSTRUCTOR SHALL INDICATE AS WITHDRAWN EACH STUDENT WHO HAS FORMALLY
 8 WITHDRAWN FROM THE COURSE, AND THAT STUDENT SHALL NOT BE COUNTED FOR STATE
 9 AID PURPOSES. THE OFFICIAL TWENTY-FIRST DAY ROSTERS SHALL INCLUDE A MANUAL
 10 SIGNATURE AND DATE OR AN ELECTRONIC AUTHORIZATION AND DATE BY THE PROFESSOR
 11 OR INSTRUCTOR AND SHALL INCLUDE THE FOLLOWING CERTIFICATION:

12 I HEREBY CERTIFY THAT THE INFORMATION CONTAINED IN THIS
 13 CLASS ROSTER ACCURATELY REFLECTS THOSE STUDENTS WHO ARE
 14 ENROLLED.

15 C. STUDENTS WHO HAVE WITHDRAWN OR WHO HAVE BEEN WITHDRAWN FROM CLASSES
 16 AS OF THE TWENTY-FIRST DAY SHALL NOT BE COUNTED FOR STATE AID PURPOSES. A
 17 RECORD SHALL BE MAINTAINED THAT IDENTIFIES STUDENT WITHDRAWALS BY DATE OF
 18 WITHDRAWAL, AS OF THE TWENTY-FIRST DAY AND AFTER THE TWENTY-FIRST DAY FOR THE
 19 ENTIRE SEMESTER.

20 D. Amounts appropriated as provided by subsection A shall be paid as
 21 other claims against this state are paid.

22 ~~C.~~ E. The balance of appropriations as provided by subsection A at
 23 the end of the fiscal year, if any, shall not revert to the general fund but
 24 shall be carried forward for the continued use for which appropriated.

25 ~~D.~~ F. Monies appropriated to a university under the jurisdiction of
 26 the Arizona board of regents for cost of living salary increases for
 27 university employees shall be used to provide cost of living salary increases
 28 to all university employees including graduate student assistants. If monies
 29 are appropriated to a university for salary increases based on merit, the
 30 monies shall be used to provide merit increases according to the merit pay
 31 plan adopted by the Arizona board of regents.

32 G. THE ARIZONA BOARD OF REGENTS SHALL DETERMINE CURRENT ACTUAL
 33 FULL-TIME EQUIVALENT STUDENT ENROLLMENT AT EACH OF THE INSTITUTIONS UNDER THE
 34 JURISDICTION OF THE ARIZONA BOARD OF REGENTS. FULL-TIME EQUIVALENT STUDENT
 35 ENROLLMENT SHALL BE CALCULATED BY ADDING THE FOLLOWING:

36 1. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN
 37 100-LEVEL CREDIT COURSES AND 200-LEVEL CREDIT COURSES DIVIDED BY FIFTEEN.

38 2. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN
 39 300-LEVEL CREDIT COURSES AND 400-LEVEL CREDIT COURSES DIVIDED BY TWELVE.

40 3. THE TOTAL NUMBER OF ENROLLED FALL SEMESTER CREDIT HOURS IN GRADUATE
 41 LEVEL CREDIT COURSES DIVIDED BY TEN.

42 H. THE LEGISLATURE SHALL NOT APPROPRIATE MONIES SUPPORTING ANY STUDENT
 43 WHO IS ENROLLED AT AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA BOARD
 44 OF REGENTS WHO HAS EARNED CREDIT HOURS IN EXCESS OF THE CREDIT HOUR
 45 THRESHOLD, EXCEPT STUDENTS WHOSE CHOSEN PROGRAM REQUIRES FOR A DEGREE

1 ADDITIONAL CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD. FOR THE PURPOSES OF
2 THIS SUBSECTION, THE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS IN
3 FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS IN FISCAL YEAR 2007-2008 AND
4 ONE HUNDRED FORTY-FIVE HOURS AFTER FISCAL YEAR 2007-2008.

5 Sec. 4. Section 15-1681, Arizona Revised Statutes, is amended to read:
6 15-1681. Definitions

7 In this article, unless the context otherwise requires:

8 1. "Acquire" includes to purchase, lease, lease-purchase, erect,
9 build, construct, reconstruct, raze, remodel, repair, replace, alter, extend,
10 expand, better, equip, furnish, develop, improve and embellish a project, and
11 the acquisition, preparation and development of a site or sites therefor.

12 2. "Board" means the Arizona board of regents or its successor.

13 3. "Bonds" means any bonds issued pursuant to this article.

14 4. "Federal agency" means the United States of America, the president
15 of the United States of America, the department of housing and urban
16 development or such other agency or agencies of the United States of America
17 as may be designated or created to make loans or grants, or both.

18 5. "INDIRECT DEBT FINANCING" MEANS AN AGREEMENT BETWEEN THE BOARD OR
19 AN INSTITUTION AND A NONPROFIT ORGANIZATION OR PRIVATE DEVELOPER IN WHICH THE
20 ORGANIZATION OR DEVELOPER ISSUES BONDS OR ENTERS INTO LEASE OR LEASE-PURCHASE
21 AGREEMENTS FOR CAPITAL PROJECTS ON THE PROPERTY OF AN INSTITUTION OR CAPITAL
22 PROJECTS INTENDED TO HOUSE ANY INSTITUTION ACTIVITIES OR CAPITAL PROJECTS IN
23 WHICH THE BOARD OR INSTITUTION GUARANTEES REVENUES TO THE DEVELOPER OR DEBT
24 SERVICE PAYMENTS ON BEHALF OF THE ORGANIZATION OR DEVELOPER.

25 ~~5-~~ 6. "Institution" means the university of Arizona, Arizona state
26 university and northern Arizona university or any other college or university
27 under the jurisdiction and control of the board or its successor.

28 ~~6-~~ 7. "Project" means and includes buildings, structures, areas and
29 facilities which, as determined by the board, are required by or necessary
30 for the use or benefit of each of such institutions, including, without
31 limiting the generality of the foregoing, student, faculty or staff housing
32 facilities, residence halls, dormitories and apartments; student union and
33 recreational buildings and stadiums; other facilities for student, faculty or
34 staff services; any facility or building leased to the United States of
35 America; parking garages and areas; offices, classrooms, laboratories, dining
36 halls and food service facilities, libraries, auditoriums, or parts thereof,
37 or additions or extensions thereto; heating, lighting and other utility
38 service facilities in connection therewith, or parts thereof, or additions or
39 extensions thereto; whether heretofore acquired and now or hereafter used for
40 any or all of the purposes aforesaid, or as may be hereafter acquired under
41 this article, with all equipment and appurtenant facilities; or any one, or
42 more than one, or all of the foregoing, or any combination thereof, for any
43 institution, including sites therefor.

1 ~~7.~~ 8. "System of building facilities" means such project or projects
2 as the board by resolution shall collectively designate to be included in a
3 system of building facilities at each institution, either:

4 (a) Hereafter acquired for each of such institutions under the terms
5 of this article.

6 (b) Heretofore acquired for each of such institutions prior to May 17,
7 1974 under the terms of any other law and now located on the campus of each
8 of such institutions, whether unencumbered by or encumbered by a pledge of
9 and lien on the income and revenues derived from the operation thereof for
10 the payment of any bonds theretofore issued by the board for the acquisition
11 thereof.

12 (c) As provided in both subdivisions (a) and (b).

13 (d) Any combination of as provided in subdivisions (a), (b) and (c).

14 Sec. 5. Section 15-1682, Arizona Revised Statutes, is amended to read:

15 15-1682. Powers

16 The board shall have power for each institution, as defined in this
17 article, to:

18 1. Acquire, if authorized by the legislature, any project or projects,
19 or any combination thereof, and to ~~SECURE INDIRECT DEBT FINANCING FOR OR~~ own,
20 operate and maintain the same and establish, own, operate and maintain a
21 system of building facilities.

22 2. Acquire by purchase, contract, lease-purchase, lease or gift, and
23 hold or dispose of, real or personal property or rights or interest therein.

24 3. Accept grants, subsidies or loans of monies from a federal agency,
25 or others, upon such terms and conditions as may be imposed, and to pledge
26 the proceeds of grants, subsidies or loans of monies received or to be
27 received from the United States of America or any agency or instrumentality
28 thereof, or others, pursuant to agreements entered into between such board
29 and the United States of America, or any agency or instrumentality thereof,
30 or others.

31 4. Borrow monies and issue bonds to acquire any one project, or more
32 than one, or any combination thereof, if authorized by the legislature, and
33 to refund bonds heretofore or hereafter issued to acquire any project or
34 projects, or to refund any such refunding bonds, or for any one, or more than
35 one, or all of such purposes, or any combination thereof, and to provide for
36 the security and payment of such bonds and for the rights of the holders
37 thereof.

38 5. Make contracts and leases and execute all instruments and perform
39 all acts and do all things necessary or convenient to carry out the powers
40 granted in this article.

41 6. Retain in its treasury:

42 (a) All monies received from the sale of all bonds issued under this
43 article.

1 (b) All fees, tuitions, rentals and other charges from students,
2 faculty, staff members and others using or being served by, or having the
3 right to use or the right to be served by, or to operate, any project.

4 (c) All fees for student activities, student services and all other
5 fees, tuitions and charges collected from students matriculated, registered
6 or otherwise enrolled at and attending each institution pledged under the
7 terms of any resolution authorizing bonds pursuant to this article.

8 (d) All rentals from any facility or building leased to the United
9 States of America.

10 Sec. 6. Title 15, chapter 13, article 5, Arizona Revised Statutes, is
11 amended by adding section 15-1682.02, to read:

12 15-1682.02. Indirect debt financing

13 THE BOARD MAY SECURE INDIRECT DEBT FINANCING FOR ANY PROJECT IF ALL OF
14 THE FOLLOWING CONDITIONS ARE MET:

15 1. THE TERM OF THE INDIRECT DEBT FINANCING DOES NOT EXCEED THE EARLIER
16 OF FORTY YEARS OR THE USEFUL LIFE OF THE CAPITAL IMPROVEMENTS.

17 2. THE PROJECT FOR WHICH INDIRECT DEBT FINANCING IS SECURED IS
18 REVIEWED BY THE JOINT COMMITTEE ON CAPITAL REVIEW.

19 3. THE BOARD INCLUDES A LISTING OF ALL INDIRECT FINANCING FOR EACH
20 BUILDING SYSTEM PROJECT IN ITS YEARLY CAPITAL IMPROVEMENT PLAN SUBMITTED
21 PURSUANT TO SECTION 41-793.

22 Sec. 7. Section 15-1683, Arizona Revised Statutes, is amended to read:

23 15-1683. Issuance of bonds

24 A. The board shall have power, and is hereby authorized from time to
25 time, to issue bonds:

26 1. To acquire any one project, or more than one, or any combination
27 thereof, for such institution, ~~provided that~~ IF both of the following
28 conditions are met:

29 (a) As of the date of issuance of bonds or certificates of
30 participation for any institution, projected debt service on bonds and
31 certificates of participation then outstanding and proposed to be issued for
32 such institution, as shown in the most recent capital improvement plan
33 reported to the board, may not exceed, in any fiscal year shown in such
34 capital improvement plan, more than eight per cent of such institution's
35 total projected expenditures and mandatory transfers. The calculation of
36 compliance with this condition shall be as set forth in and approved by the
37 board in its adopted capital improvement plan for such institution.

38 (b) The project to be acquired with the proceeds of the bonds is
39 reviewed by the joint committee on capital review.

40 2. To refund bonds heretofore and hereafter issued to acquire any
41 project or projects for such institution as hereinafter provided for.

42 3. To refund any such refunding bonds.

43 4. For any one, or more than one, or all of such purposes, or any
44 combination thereof.

1 B. All bonds shall be authorized by resolution of the board and may be
 2 issued in one or more series, may bear such date or dates, may be in such
 3 denomination or denominations, may mature at such time or times not exceeding
 4 ~~THE EARLIER OF~~ forty years from the respective dates thereof ~~OR THE USEFUL~~
 5 ~~LIFE OF THE CAPITAL IMPROVEMENTS~~, may mature in such amount or amounts, may
 6 bear interest at such rate or rates as shall be determined by the board,
 7 payable at such time or times, may be in such form, either coupon or
 8 registered as to principal only or as to both principal and interest, may
 9 carry such registration privileges, including the conversion of a fully
 10 registered bond to a coupon bond or bonds and the conversion of a coupon bond
 11 to a fully registered bond, may be executed in such manner, may be made
 12 payable in such medium of payment, at such place or places within or without
 13 the state, and may be subject to such terms of redemption prior to their
 14 expressed maturity, with or without premium, as such resolution or other
 15 resolutions may provide. All bonds issued under this article shall be sold
 16 as the board shall determine. Such resolution may provide that one of the
 17 officers of the board shall sign such bonds manually and that the other
 18 signatures may be printed, lithographed, engraved or otherwise reproduced
 19 thereon. The coupon bonds shall be fully negotiable within the meaning of
 20 the uniform commercial code, title 47.

21 Sec. 8. Section 35-174, Arizona Revised Statutes, is amended to read:

22 35-174. Vacancy savings; definition; personal services and
 23 employee related expenditures; reversion

24 A. A "vacancy saving" is any monies saved or generated in personal
 25 services and employee related expenditures by:

26 1. Not filling a position which has become vacant by termination of an
 27 employee.

28 2. Not filling a newly authorized position.

29 3. Filling an authorized position at a grade or step lower than is
 30 authorized by the legislature.

31 4. A downward reclassification of an authorized position.

32 B. A vacancy saving shall not be expended by the budget unit, except
 33 upon approval of the director of the department of administration, for any of
 34 the following purposes:

35 1. Awarding merit increases to state employees.

36 2. Funding reclassified positions.

37 3. Creating new positions that exceed the total number of full-time
 38 equivalent positions as approved by the joint appropriations committees and
 39 reported annually in the appropriations report.

40 C. An unexpended vacancy saving shall revert to the fund from which
 41 appropriated except as provided in section 15-1661, subsection ~~C~~ E. The
 42 reversion shall occur at the end of each fiscal year.

43 D. This section applies only to funds appropriated by the legislature.

1 Sec. 9. Section 42-5031.01, Arizona Revised Statutes, is amended to
2 read:

3 42-5031.01. Distribution of revenues for Indian tribal
4 postsecondary educational institutions:
5 definition

6 A. ~~Subject to subsection C of this section,~~ Each month the state
7 treasurer shall ~~transmit each month to the treasurer or other designated~~
8 ~~depository of a qualifying Indian tribe~~ DETERMINE the amount of transaction
9 privilege tax revenues received pursuant to this article in the preceding
10 month from all sources located on ~~the AN~~ Indian reservation ~~established~~ for
11 ~~the A~~ qualifying Indian tribe ~~as determined~~ pursuant to section 42-5029,
12 subsection A, paragraph 3.

13 ~~B. The monies distributed pursuant to this section are for the~~
14 ~~exclusive purpose of supporting the maintenance, renewal and capital expenses~~
15 ~~of one or more community colleges in this state that are owned, operated or~~
16 ~~chartered by the qualifying Indian tribe on its own Indian reservation.~~
17 ~~Before receiving any monies under this section, a qualifying Indian tribe~~
18 ~~shall enter into a compact with this state, signed by the governor, to~~
19 ~~account for the use of monies distributed pursuant to this section. The~~
20 ~~compact shall:~~

- 21 ~~1. Be for a term of at least ten years.~~
- 22 ~~2. Require the monies to be used primarily for capital needs including~~
23 ~~maintenance and renewal of existing facilities at designated community~~
24 ~~college campuses on the qualifying Indian tribe's own reservation in this~~
25 ~~state.~~
- 26 ~~3. Provide for audits by the auditor general of the use of the monies.~~
- 27 ~~4. If necessary, provide for reimbursement to the department of~~
28 ~~revenue of costs associated with implementing this section, not to exceed one~~
29 ~~hundred fifty thousand dollars, from revenues that would otherwise be paid to~~
30 ~~the qualifying Indian tribe pursuant to this section.~~

31 ~~C. Notwithstanding subsection A of this section, the state treasurer~~
32 ~~shall not transmit more than one million seven hundred and fifty thousand~~
33 ~~dollars in any fiscal year.~~

34 B. THE AMOUNT OF MONIES DETERMINED PURSUANT TO SUBSECTION A OF THIS
35 SECTION SHALL BE TRANSMITTED BY THE STATE TREASURER TO THE STATE GENERAL
36 FUND.

37 C. ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE TREASURER SHALL
38 REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE THE AMOUNT OF MONIES
39 TRANSMITTED PURSUANT TO SUBSECTION B OF THIS SECTION.

40 D. For THE purposes of this section, "qualifying Indian tribe" means
41 an Indian tribe that owns, operates and charters any community college or
42 postsecondary educational institution located on its own reservation in this
43 state.

44 Sec. 10. Applicability

1 The amendments to section 15-1626, Arizona Revised Statutes, by this
2 act apply beginning with the 2006-2007 academic year.